Companhia Siderúrgica Nacional



Earnings Presentation- 2Q15

August 13th, 2015

Disclaimer

Certain of the statements contained herein are forward-looking statements based on Management's current estimates regarding future performance that may result in material differences regarding future results, performance and events. In fact, actual results, performances or events may differ materially from those expressed or implied by the forward-looking statements, as a result of several factors, such as the general and economic conditions in Brazil and other countries, interest rate and exchange rate levels, future rescheduling or prepayment of debt denominated in foreign currencies, protectionist measures in the US, Brazil and other countries, changes in laws and regulations and general competitive factors (on a global, regional or national basis).

CSN is focused on increasing businesses competitiveness and generating shareholder return

OBJECTIVES: Increase Competitiveness and Recover Cash Generation

Operational Efficiency

- Synergies between businesses
- Focus on cost leadership
- Export competitiveness

Projects Delivery

- Capex focused on operating cost reduction and volume increase
- Conclusion of Grinding Mills in Arcos (MG)
- Energy Efficiency: *revamp* of CTE (Thermoelectric Central) and Coke Batteries

Financial Management

- Financial Discipline
- Cash generation Recovery
- Deleverage

Differentiated assets with high integration generate resilient performance even in adverse market conditions

STEEL



- Unique portfolio in Long and Flat Steels
- Cost competitiveness
- Strong Sales network in Brazil and growing international distribution capacity

MINING



- "*World- class*" asset
- Production chain integration
- Competitive portfolio
- Cost competitiveness from mine to client

CEMENT



- High synergy with other businesses
- Growing production capacity
- High Quality products

LOGISTICS



- Businesses integration
- Differentiated assets (TECON, MRS)
- Prime location in RJ-SP-MG

ENERGY



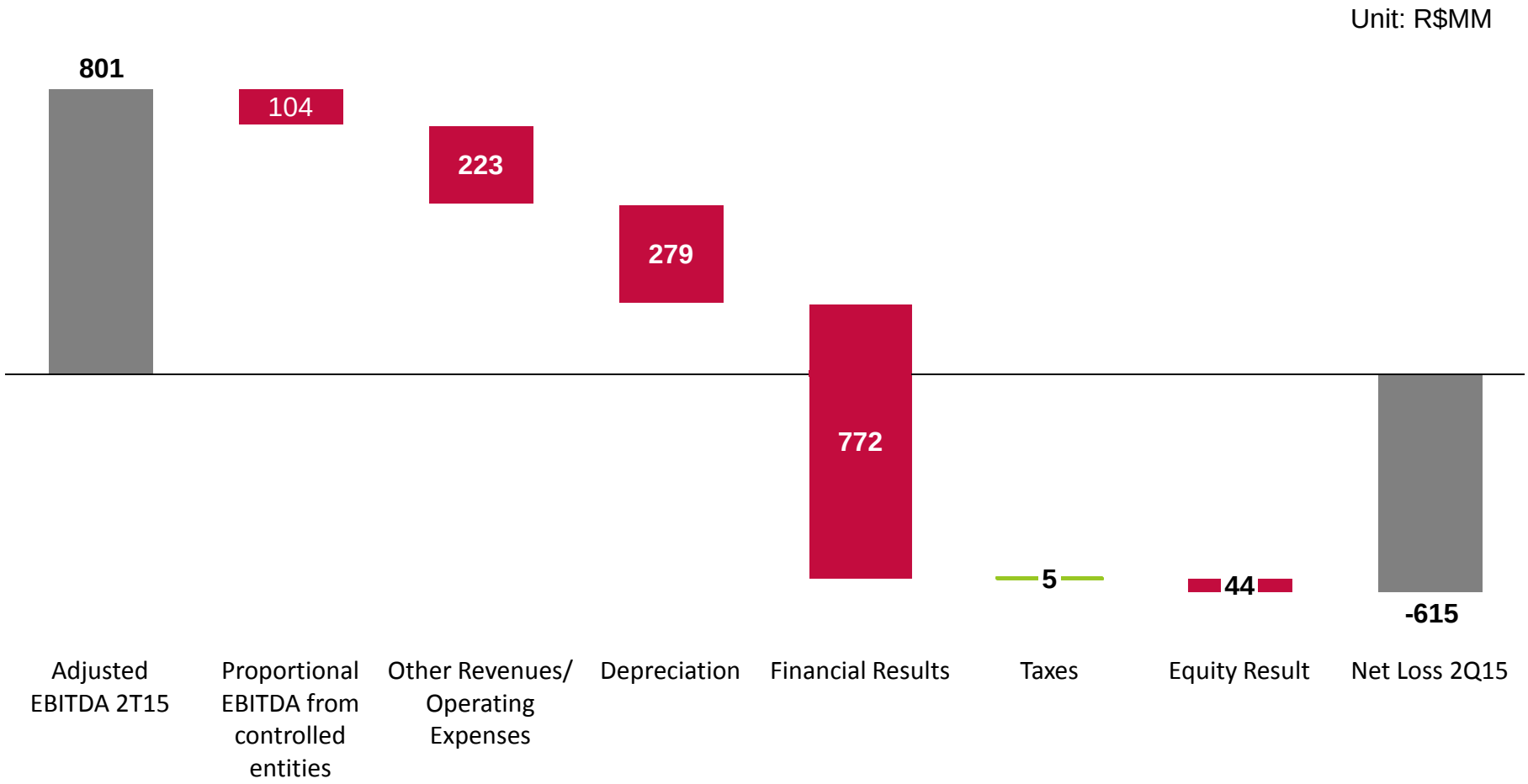
- Hydropower and thermal power mix
- Low generation cost
- Over 400MW capacity
- High integration with businesses

Consolidated Results

R$ Million	2Q14	1Q15	2Q15
Net Revenues	**4,052**	**4,010**	**3,687**
Gross Profit	**1,306**	**985**	**840**
Adjusted EBITDA	**1,303**	**911**	**801**
Adjusted EBITDA Margin	**30%**	**22%**	**20%**
Net Profit/(Loss)	**19**	**392**	**(615)**
Gross Debt	**28,605**	**32,230**	**31,871**
Net Debt	**16,695**	**19,979**	**20,769**
Net Debt/Adjusted EBITDA	**2.71**	**4.76**	**5.62**

Comments:
- Adjusted EBITDA includes proportional stakes in NAMISA, MRS and CBSI. Detailed comments are available on the 2Q15 Release
- Gross Debt and Net Debt include proportional consolidation of MRS, NAMISA and CBSI

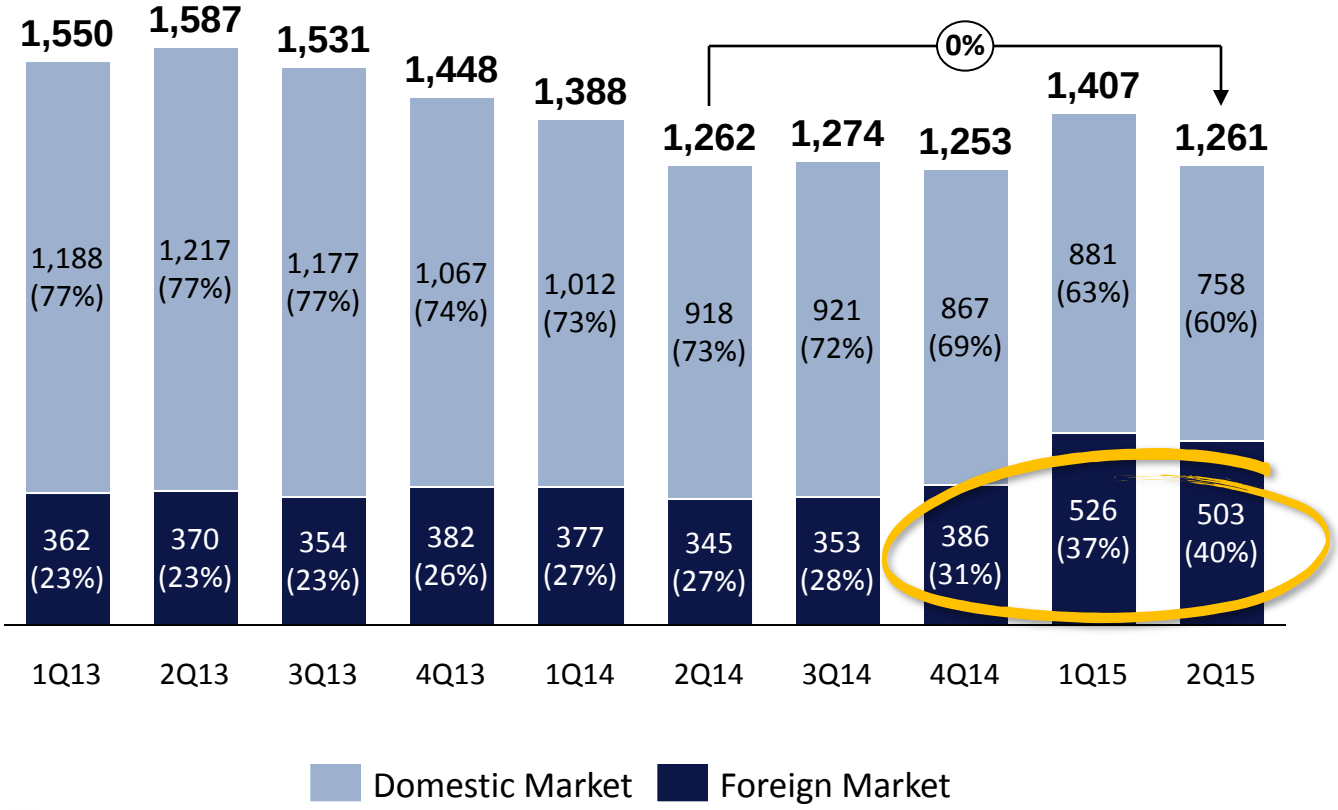
Net Results *Build-up* for 2Q15



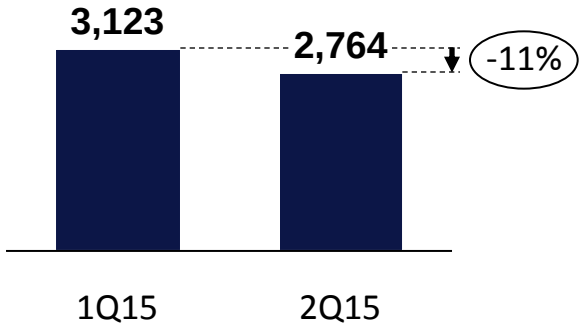
Steel Performance in 2Q15

Stable sales volumes since 2Q14 through higher foreign sales share (40% of total in 2Q15).

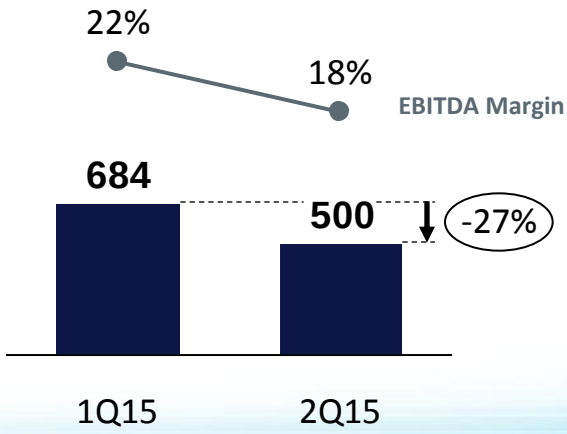
Sales Volumes (thousand t)



Net Revenue (R$ MM)



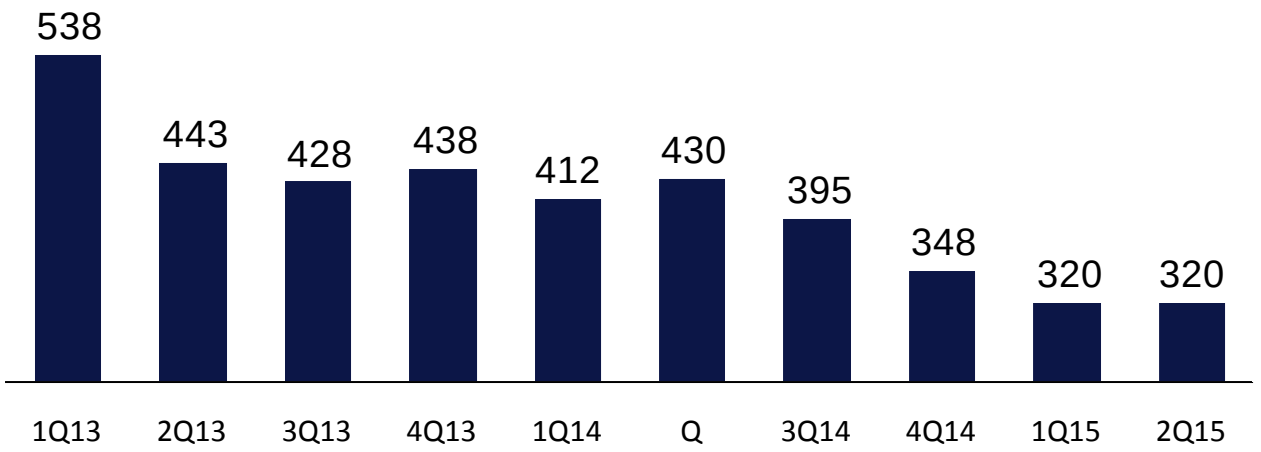
Adjusted EBITDA (R$ MM)



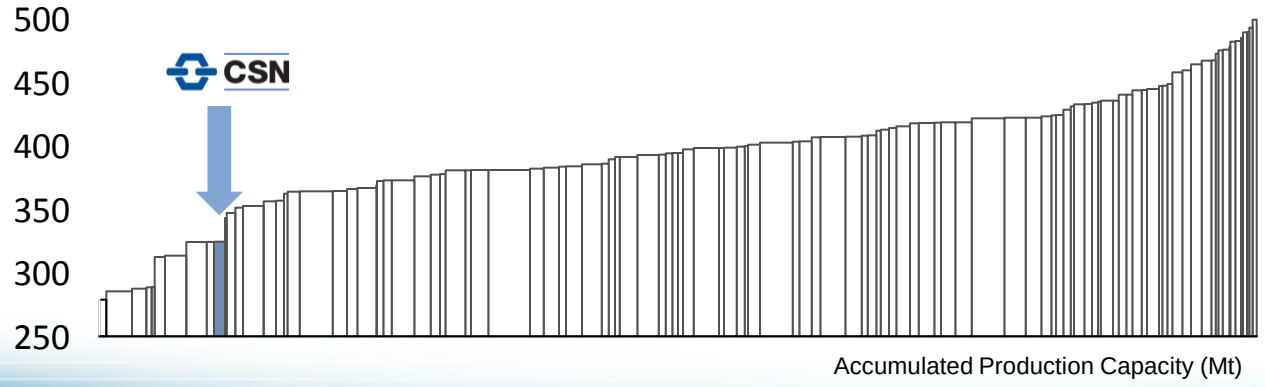
Steel Costs Competitiveness

Slab Production Cost at Presidente Vargas Steelworks (US$/t)

OBS: ~40% of slab cost is dollar denominated



Slab Cost Curve 2015e (US$/t FOB)



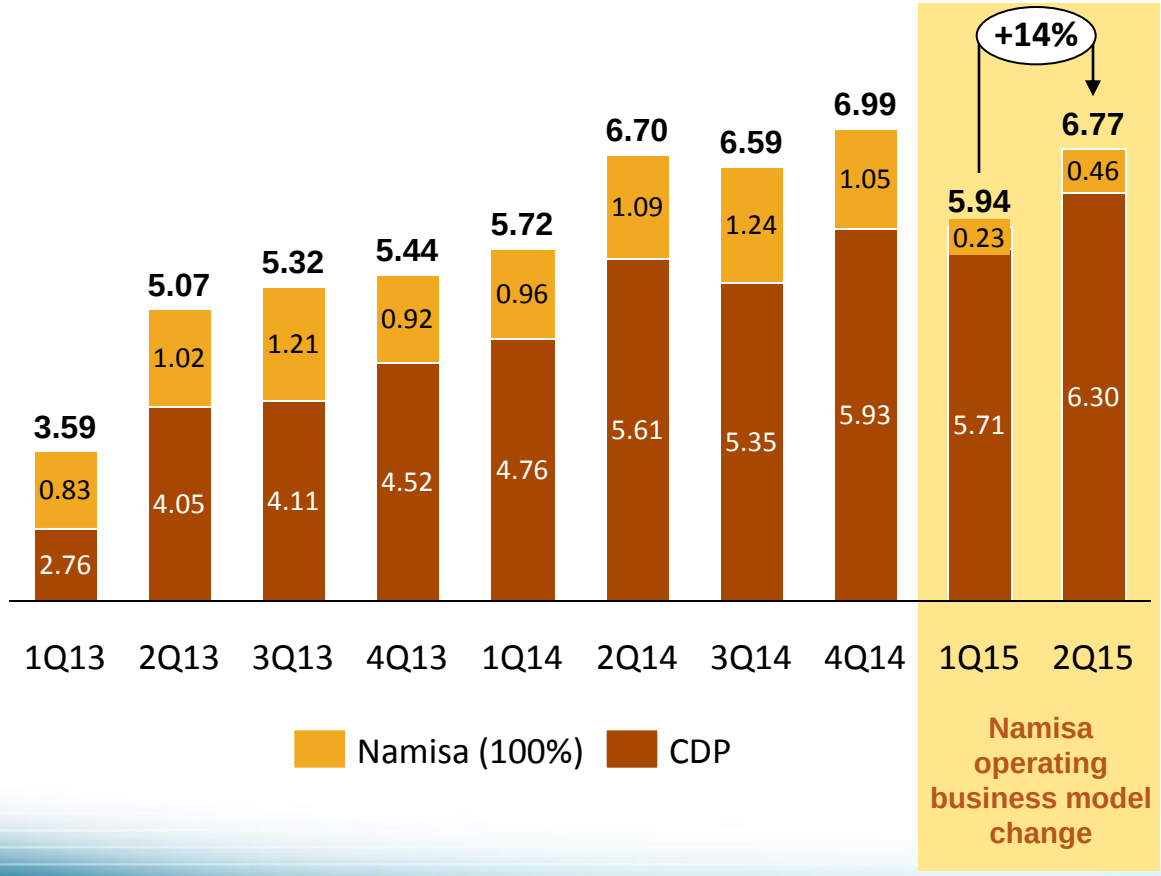
- Low cost ensures competitiveness for exports
- Focus on investments to increase segment´s cost advantages
- 1st Quartile Cost Position

SOURCE: CSN

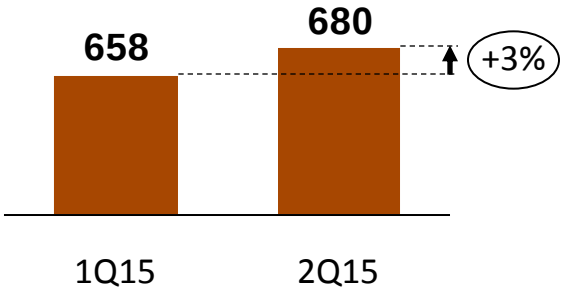
Mining Performance in 2Q15

Higher volume and lower cost generated a 46% increase in 2Q15´s EBITDA (+10pp)

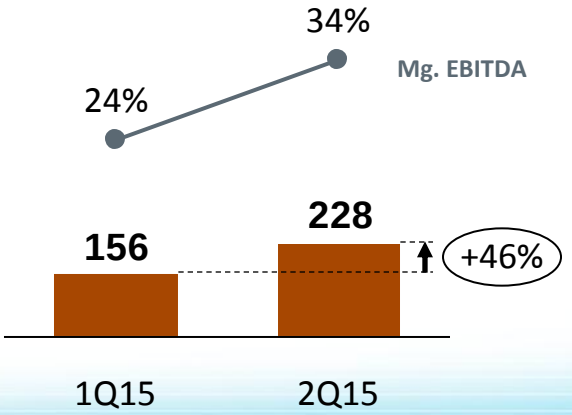
Production Volume* (Million ton)



Net Revenue (R$MM)



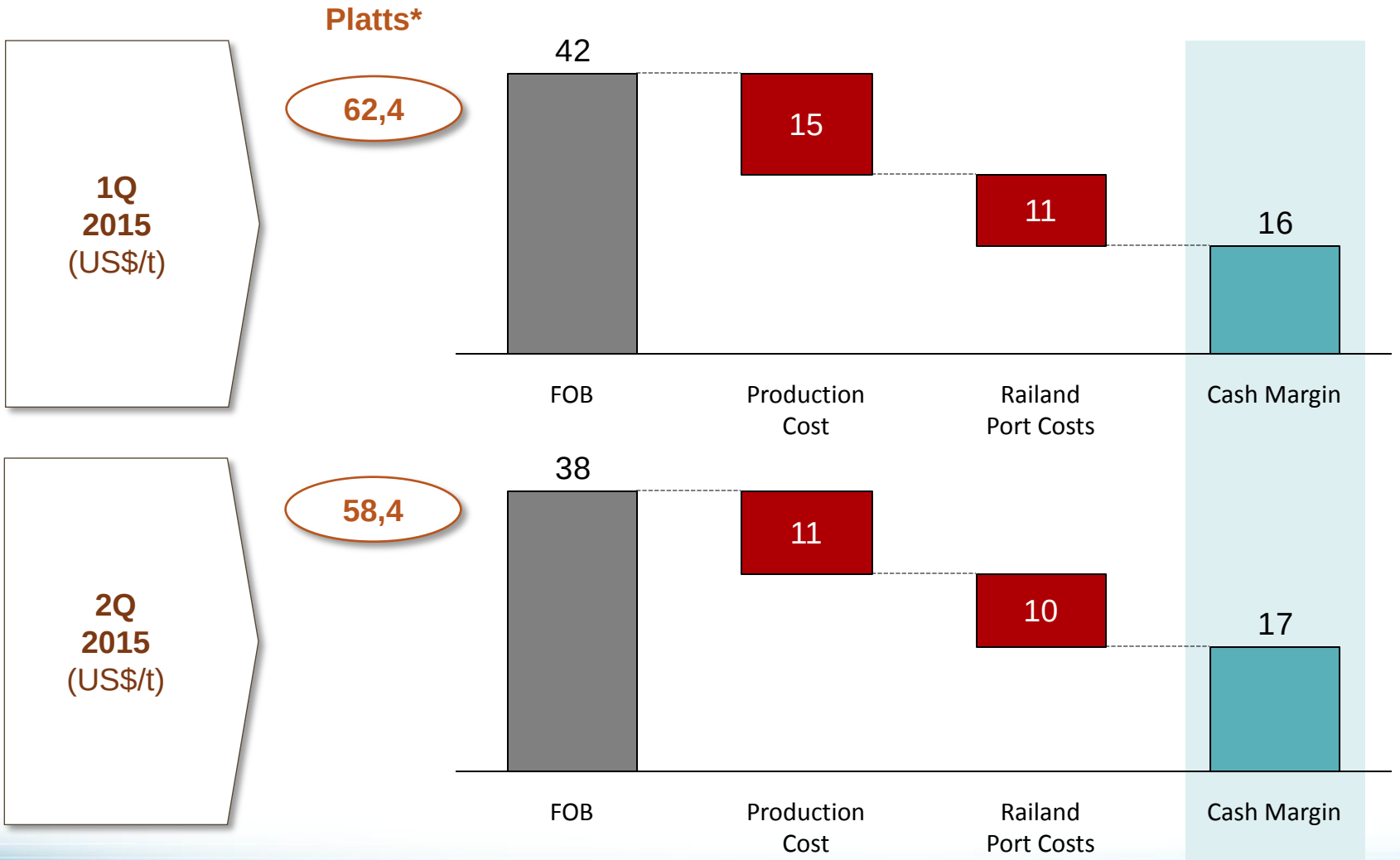
Adjusted EBITDA (R$ MM)



*Includes 100% of NAMISA production.

Mining Costs Competitiveness

Cash Margin increase despite Iron Ore price reduction during 2Q15

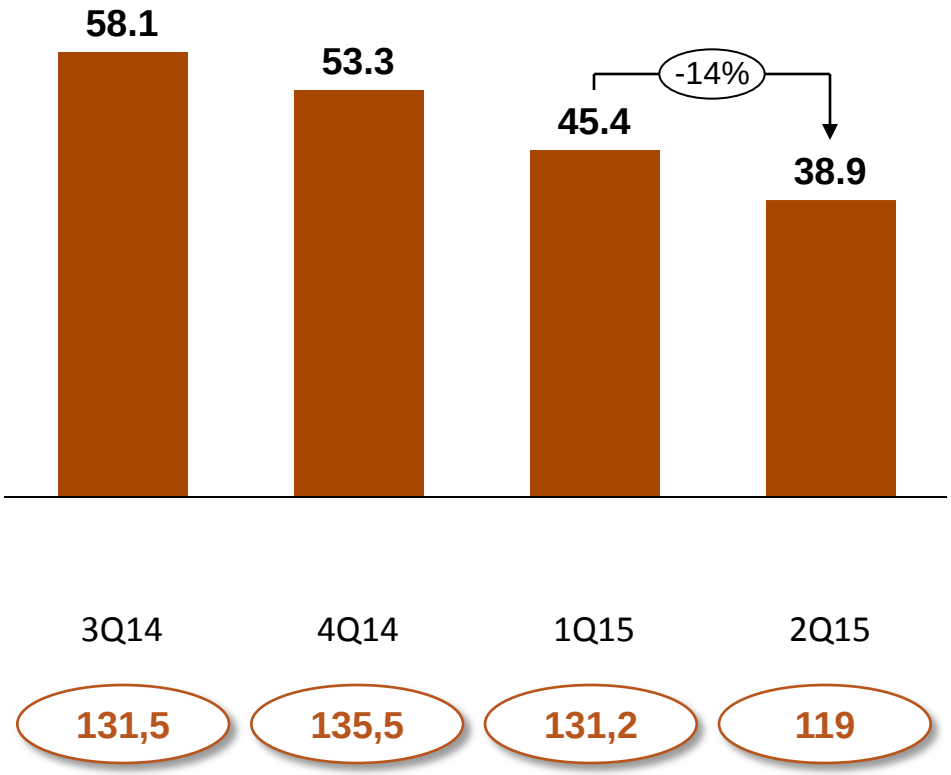


* Average Platts Index in the period

Casa de Pedra Production Cost US$/t CFR

Cost reduction plan already generated a 14% lower delivered costs in 2Q15. Goal is to generate more efficiency in 2H15

Iron Ore Delivered Cost at China (US$/wmt)

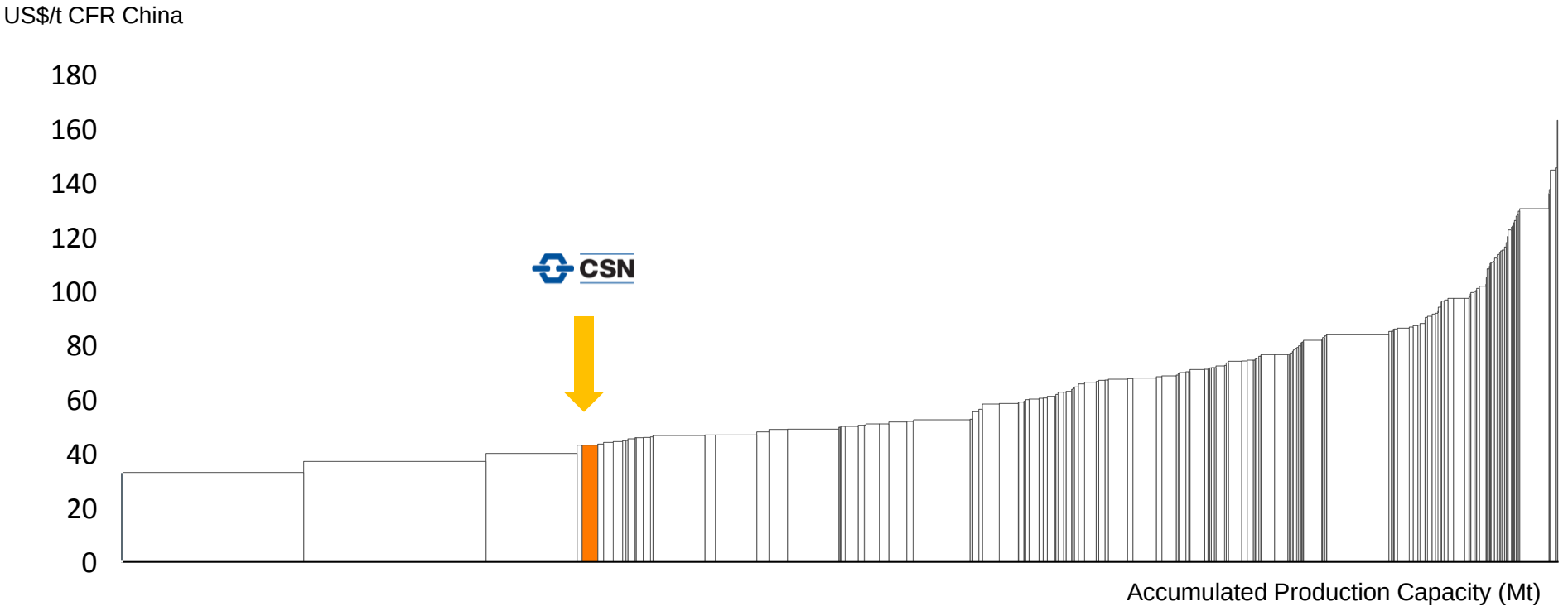


- New Operational model with focus on product quality (1H15: 64.1%Fe vs. 1H14: 63.1%Fe)
- Reduced rail, port and ocean freight costs
- Mining Fleet & Equipment Optimization
- Optimized Mine Planning without compromising waste/ore ratio
- Captured synergies between Casa de Pedra and Namisa, enabling better beneficiation processing
- Administrative and overhead reductions

Mining Cost Competitiveness

Casa de Pedra continues well positioned on the cost curve, as a result of optimization plans

Iron Ore Cost Curve 2015e (US$/t CFR)

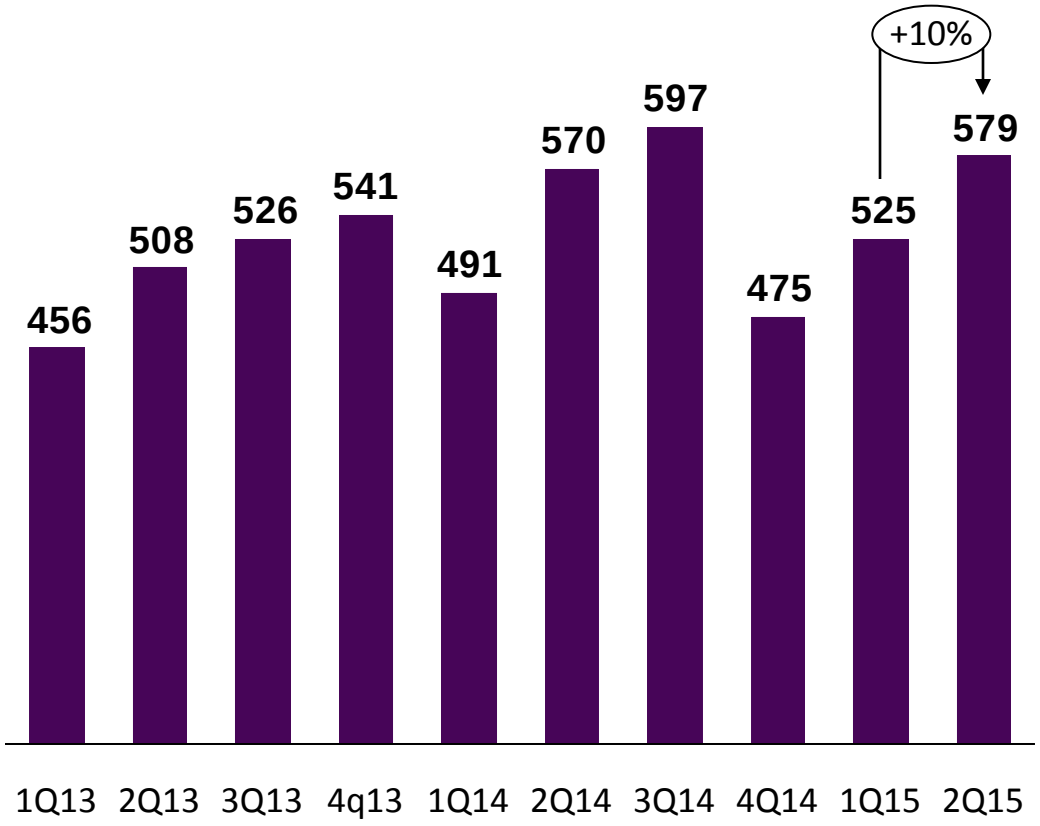


SOURCE: CSN

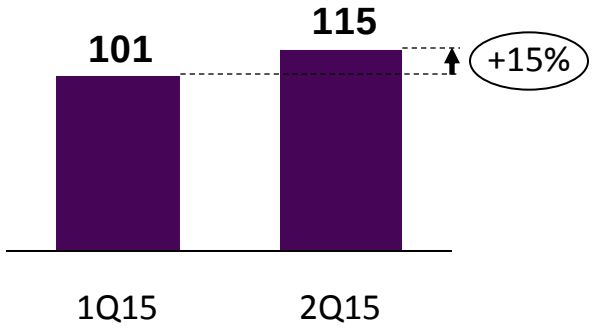
Cement Performance in 2Q15

Solid performance despite slowdown in Brazil´s construction industry

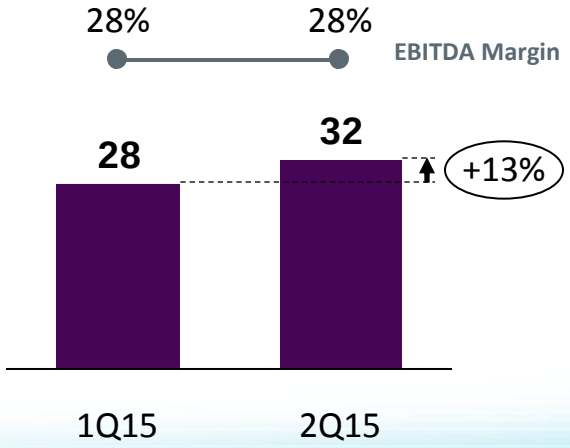
Sales Volume (thousand ton)



Net Revenue (R$ MM)

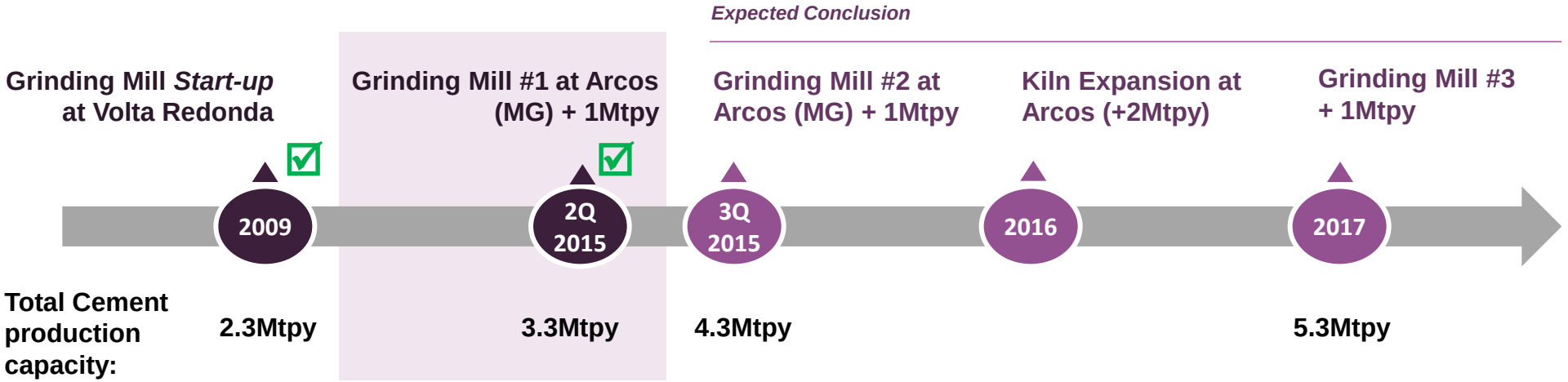


Adjusted EBITDA and EBITDA Margin (%)



Start-up of Grinding Mill #1 at Arcos (MG)

CSN finalized Grinding Mill #1, increasing CSN´s cement production capacity to 3.3Mtpy



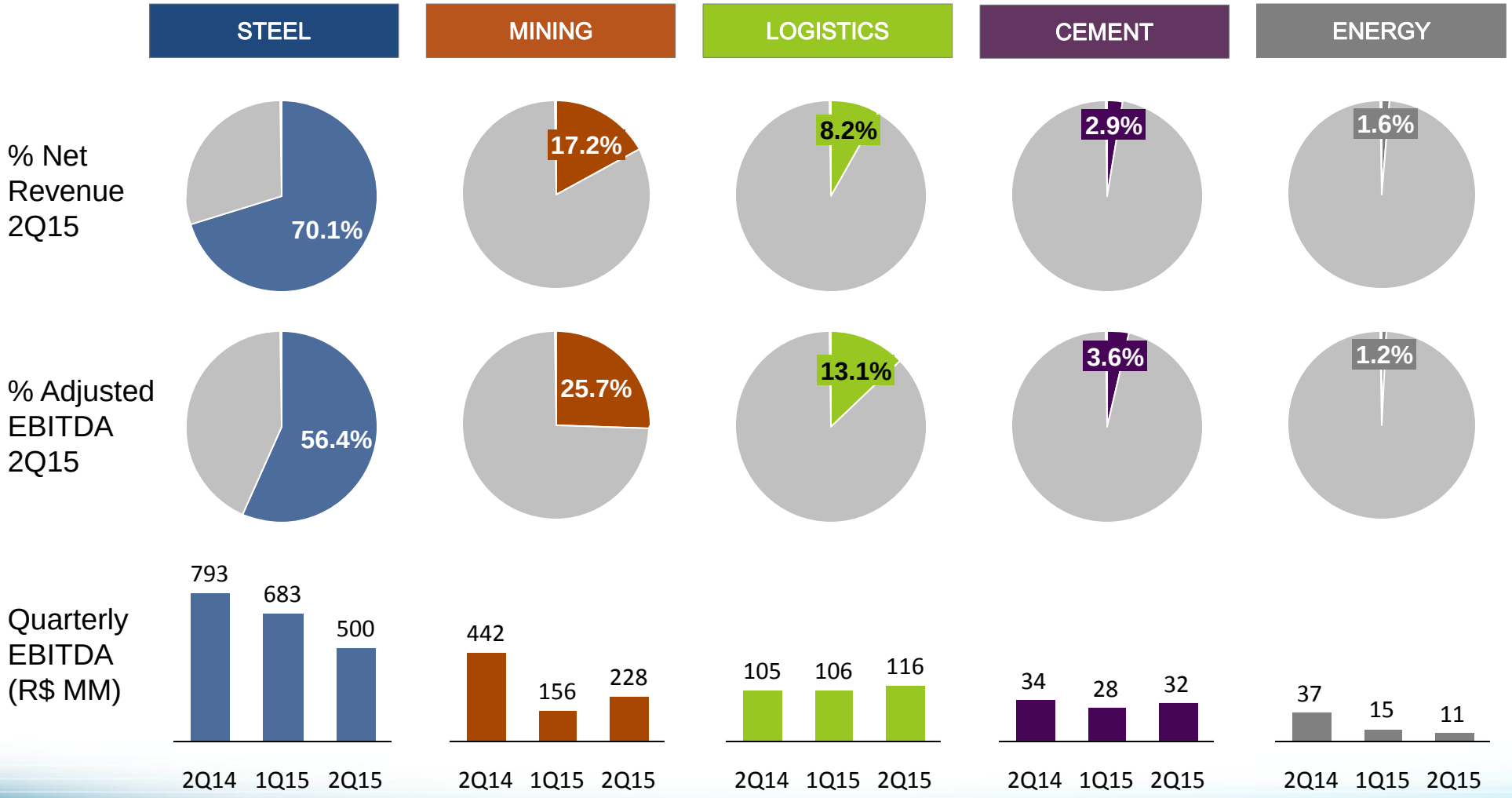
Southeast Cement Project:

- Addition of 1Mtpy of production capacity (Grinding Mill #1)
- Grinding Mill #2 is expected by Sep/15 (totaling 4.3Mtpa)
- Product diversification (CP II E 32)
- Project delivered *on time* and *on budget*





Results by Segment in 2Q15



Financial Agenda

1 Cash Management	• Cash transfer from abroad to Brazil • Financial Result Improvement
2 Cost Reduction & Working capital	• Cost Reduction Plan • Working Capital Efficiency
3 Debt Management	• Debt Extension • Funding Instruments Diversification
4 Partnerships and Divestments	• Asset Portfolio Review • Partnerships and divestments alternatives to reduce indebtedness

Costs Management & Working Capital Projects

CSN is working on different fronts to increase its cost advantage and return on asset

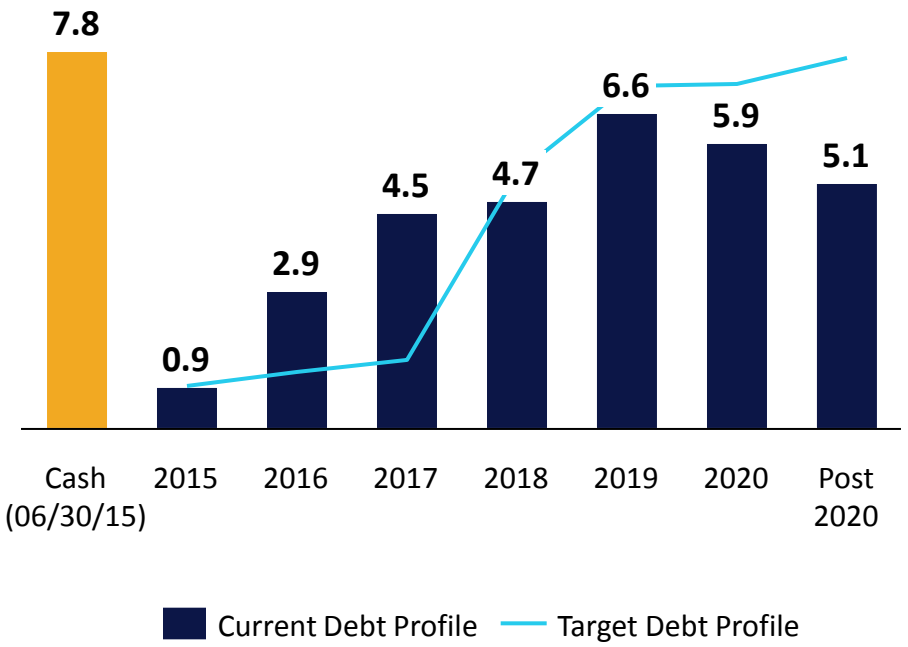
Activities	Action Scope	Potential
Working Capital Reduction	• Finished and intermediary inventories reduction • Warehouse and spare part items reduction • Negotiation with suppliers	★★★
Steel & Cement Actions	• Partnership with innovation institutions to implement automation and industrial processes • Energy consumption reduction projects	★★★
Mining actions	• Product improvement initiatives • Mine Planning optimization • Processing/Beneficiation reduction • Expenses and overhead reduction	★★
Processes & Expenses Control Matrix	• Appointment of managers by type of expenditure • Reduction target by account group	★★

★★★ High Potential
★★ Medium Potential

Amortization Schedule & Funding Instruments

Debt Amortization Schedule

IFRS in R$Bi

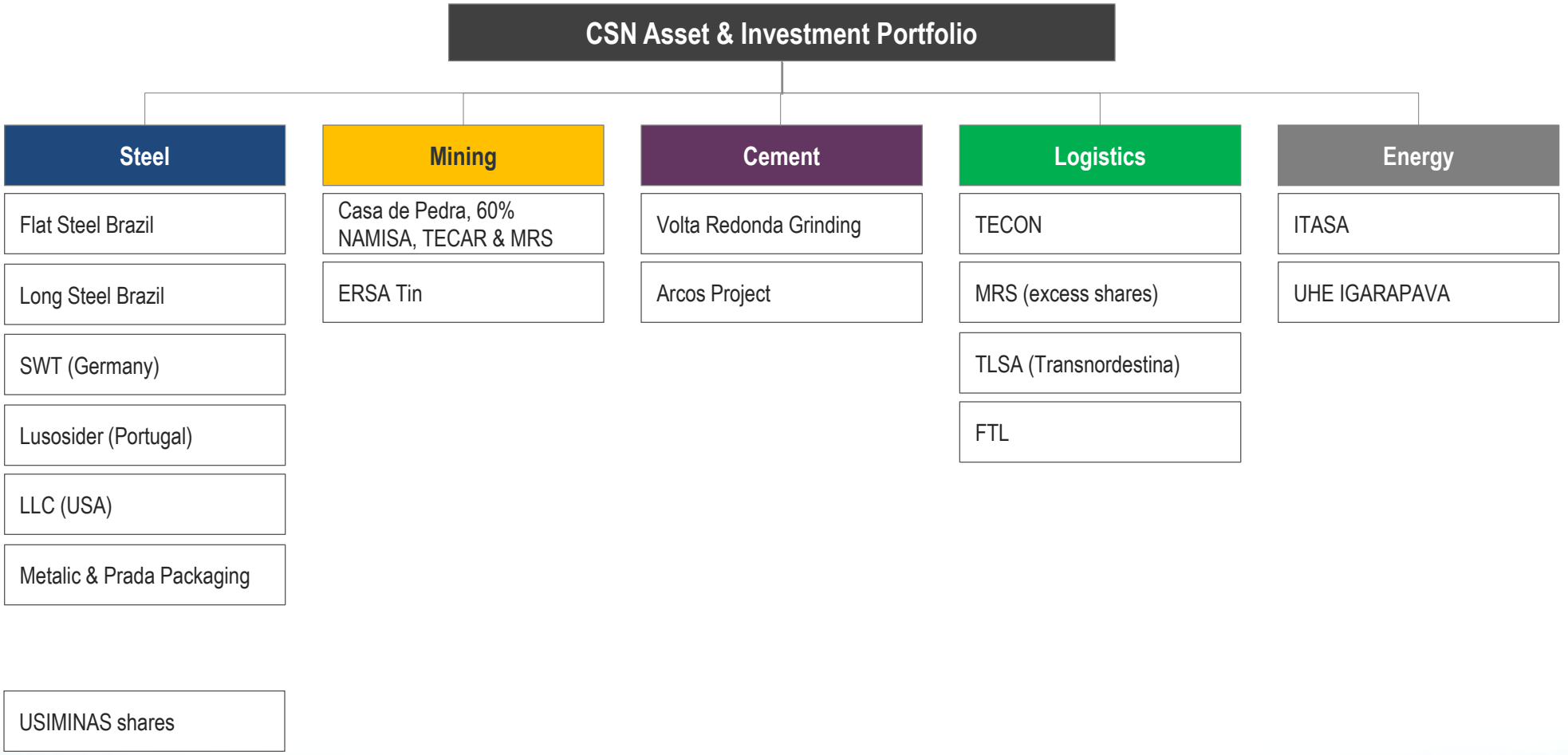


Funding Instruments Diversification

• Ongoing negotiations with major funding agencies in Brazil and abroad • Goals: competitive funding cost and tenure	Development Banks
• Funding for Innovation, Productivity and Energy Efficiency projects • Securitization Options	*Project Finance* & Securitization

Partnerships & Divestments

CSN is developing a partnerships and divestment plan to reduce leverage





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